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INTELLOFAX 21

Country: Brazil

25X1A2g

Subject: General Business Conditions/Exchange/Coffee/Cotton and
Other Commodities

Place Acquired by Source: -----

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Date Acquired by Source :

Date of Information : 28 Mar 53

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Source Description:

1. "General Business Conditions: Sales in general improved during the past month, [Mar] especially in the field of cotton textiles. However, importers of ~~US~~ goods and manufacturers using US raw materials are feeling the pinch of restricted import licenses. Interest rates remain firm. Local currency collections are reported normal except in those interior and northern areas that are still seriously affected by the prolonged drought. A partial dock strike has again aggravated Rio's port congestion and both that city and Sao Paulo are suffering a severe electricity shortage which has necessitated the cutting off of electric power in Sao Paulo for three hours each day. Subsequent to the initiation of the free-exchange rate, transport companies increased overseas fares 100 per cent. Moreover, prices of practically all consumer goods as well as imported materials continued to climb and the excessively high cost of living is producing dissatisfaction.
2. "Exchange: The free-market rate, which opened around Cr\$38 to the dollar upon inauguration of this market on 21 February, has been steadily weakening and as of this writing (28 March) is quoted between Cr\$47 and Cr\$48 to the dollar. Free-rate exports are slow in getting under way and the anticipated inflow of dollars has not yet developed to any great extent. Consequently, the market has been a narrow one. On 5 March, there was a distribution of exchange in the amount of US\$3,500,000 against the general backlog, which brought approval dates in the Banco do Brasil's pending file up to 17 March 1952, and 15 March 1952 for preferential and first-category collections respectively. The lifting of ceiling prices on coffee in New York resulted in increased offerings of export bills in the Santos market and created a more optimistic outlook. Moreover, it is confidently expected that liquidations under the anxiously awaited US\$300,000,000 Export-Import Bank loan will commence soon.
3. "Coffee: Coffee prices rose sharply as a result of the removal of ceiling prices in the US. Spot quotations in the Santos market on 18 March were as follows:

Santos Style	Cr\$228.00 per 10 kilos
Santos Style Rioey	Cr\$226.00 per 10 kilos
Type 4 without description	Cr\$222.00 per 10 kilos

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"The statistical position of coffee is considered to be very favorable and, according to informed opinion, will be likely to remain so until 1954 as the coming 1953/54 crop is expected to be no larger than the current one. Exports from Santos from 1 March to 18 March aggregated 432,970 bags, while total shipments for the current crop year, i.e., from 1 July 1952 to date, amounted to 6,014,798 bags. For the same periods last year these figures were 523,458 and 5,786,102 bags respectively. Exports from the port of Paranagua during February totalled 327,833 bags.

4. "Cotton and Other Commodities: The cotton situation remains unsettled with exports at a standstill. The Banco do Brasil still holds the 1951/52 crop. The 1952/53 crop, which is estimated at approximately 200,000 tons, has not yet started moving in volume. Cereals are in short supply and prices have risen sharply - so much so that, according to reports from Sao Paulo, the State Government is now selling direct to the public from stalls located in various sections throughout the city."

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